

VILLAGE OF BONITA, LOUISIANA
BONITA, LOUISIANA

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
As of And for The Year Ended June 30, 2009**

BY

ROSIE D. HARPER
CERTIFIED PUBLIC ACCOUNTANT, LLP

**604 NORTH THIRD STREET
OFFICE (318) 387-8008**

• **MONROE, LOUISIANA 71201
FAX (318) 387-0806**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/16/10

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VILLAGE OF BONITA, LOUISIANA
Bonita, Louisiana

**Financial Statements
and Independent Auditor's Report
With Supplemental Information
As of and for the Year Ended June 30, 2009**

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Village of Bonita, Louisiana
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VILLAGE OF BONITA
Post Office Box 278
Bonita, Louisiana 71223
Phone: (318) 823-2128 Fax: (318) 823-2703
villageofbonita@northeastnet.net

MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT:

The annual report consists of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on the next page. For governmental activities these statements tell how the services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Village's operation in more detail than the government-wide statements by providing information about the Village's most significant funds.

FINANCIAL HIGHLIGHTS:

- Net assets decreased in governmental activities by \$16,614 and net assets decreased by \$48,470 in business-type activities, which include sewer and water funds. The decrease in governmental activities was due primarily to a increase in Village's public safety expenses. The decrease in net assets of the business-type activities was primarily due to a decrease in grant revenue.
- The Village had overall revenue from governmental activities of \$167,002 and revenue from business-type activities of \$121,776 for total revenue for the fiscal year of \$288,778. Revenue increased in governmental activities from the prior year by \$20,359 and decreased in business-type activities from the prior year by \$371,377.
- The Village had overall expenses from governmental activities of \$196,254 expenses from business-type activities of \$165,749 for a total expense for the year of \$362,003. Expenses increased in governmental activities from the prior year by \$28,718 and decreased in business-type activities from the prior year by \$1,291.
- The general fund operated with an excess of expenditures over revenues of \$16,980.
- In the business-type activities-enterprise funds, the water and sewer fund had a net loss of \$56,246.
- The water and sewer fund had a positive cash flow of \$6,627 from operating activities.
- The Village's general fund budget reflects a 14% unfavorable expenditure variance of \$22,072. The general fund reflects a 4.5% favorable revenue budget variance of \$7,202.

Village of Bonita, Louisiana
Management's Discussion And Analysis (Continued)

- The Village did not incur any new debt.
- The Village of Bonita, Louisiana received assistance from Louisiana Local Government Assistance Program, Treasurer of the State of Louisiana Act 19, Louisiana Governor's Office of Homeland Security and Emergency Preparedness (FEMA), and North Delta Regional Planning & Development District, Inc. in the form of grants and reimbursements totaling \$14,608. The funds were used for repairs and to acquire minor supplies and assets.
- On October 17, 2009, the citizens of the Village of Bonita, Louisiana voted to extend the 1% sales and use tax to be used for any lawful corporate purpose of the Village of Bonita effective July 1, 2010.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Floyd Baker at the Village of Bonita, Louisiana telephone number (318) 823-2128.



ROSIE D. HARPER

Certified Public Accountant, LLP

604 North 3rd Street • Monroe, Louisiana 71201

Phone: (318) 387-8008 • Fax: (318) 387-0806

Independent Auditor's Report

The Honorable Floyd Baker, Mayor
And Members of the Board of Aldermen
Bonita, Louisiana

I have audited the accompanying financial statements of the governmental activities and the business-type activities of Village of Bonita, Louisiana, as of and for the year ended June 30, 2009 which collectively comprise the Village's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Bonita, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the aggregate remaining fund information of Village of Bonita, Louisiana, as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 14, 2009, on my consideration of the Village of Bonita, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Village of Bonita, Louisiana
Independent Auditor's Report (Continued)

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Bonita, Louisiana's financial statements. The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
November 14, 2009



ROSIE D. HARPER

Certified Public Accountant, LLP

604 North 3rd Street • Monroe, Louisiana 71201

Phone: (318) 387-8008 • Fax: (318) 387-0806

**Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Honorable Floyd Baker, Mayor
And Members of the Board of Alderman
Bonita, Louisiana

I have audited the financial statements of Village of Bonita, Louisiana (a nonprofit organization) as of and for the year ended June 30, 2009, which collectively comprise the Village of Bonita, Louisiana's basic financial statements and have issued my report thereon dated November 14, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Village of Bonita, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Bonita, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village of Bonita, Louisiana's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Bonita, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Bonita, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Village of Bonita, Louisiana's internal control. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. The significant deficiencies are described in the accompanying schedule of findings and questioned costs as item 2009-1, 2009-3 and 2009-4.

Village of Bonita, Louisiana
Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
***Government Auditing Standards* (Continued)**

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Bonita, Louisiana's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Bonita, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2009-2.

The Village of Bonita, Louisiana's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Village of Bonita, Louisiana's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, Village Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
November 14, 2009

BASIC FINANCIAL STATEMENTS

VILLAGE OF BONITA, LOUISIANA

Statement A

Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 16,730	\$ 12,800	\$ 29,530
Receivables	2,392	11,039	13,431
Restricted Assets:			
Cash & Cash Equivalents	39,978	46,775	86,753
Investments	-	11,402	11,402
Capital Assets (Net of Accumulated Depreciation)	560,878	1,592,502	2,153,380
Total Assets	<u>619,978</u>	<u>1,674,518</u>	<u>2,294,496</u>
Liabilities			
Current Liabilities			
Accrued Liabilities	8,812	1,762	10,574
Current Portion of			
Long-Term Debt	4,000	14,000	18,000
Bond Interest Payable	1,400	2,300	3,700
Total Current Liabilities	<u>14,212</u>	<u>18,062</u>	<u>32,274</u>
Non-current Liabilities			
Meter Deposits	-	13,793	13,793
Bonds Payable	24,000	32,000	56,000
Total Non-current Liabilities	<u>24,000</u>	<u>45,793</u>	<u>69,793</u>
Total Liabilities	<u>38,212</u>	<u>63,855</u>	<u>102,067</u>
Net Assets			
Invested in Capital Assets Net of Related Debt	532,878	1,546,502	2,079,380
Restricted for Debt Service	24,000	32,000	56,000
Unrestricted	24,888	32,161	57,049
Total Net Assets	<u>\$ 581,766</u>	<u>\$ 1,610,663</u>	<u>2,192,429</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA

Statement B

Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities:						
General Government	\$ 98,393	\$ -	\$ 8,025	\$ (90,368)	\$ -	\$ (90,368)
Public Safety	95,902	-	-	(95,902)	-	(95,902)
Interest on Long-Term Debt	1,959	-	-	(1,959)	-	(1,959)
Total Governmental Activities	<u>196,254</u>	<u>-</u>	<u>8,025</u>	<u>(188,229)</u>	<u>-</u>	<u>(188,229)</u>
Business Type Activities:						
Sewer	41,244	25,960	-	-	(15,284)	(15,284)
Water	121,955	88,186	6,583	-	(27,186)	(27,186)
Interest on Long-Term Debt	2,550	-	-	-	(2,550)	(2,550)
Total Business Type Activities	<u>165,749</u>	<u>114,146</u>	<u>6,583</u>	<u>-</u>	<u>(45,020)</u>	<u>(45,020)</u>
Total Primary Government	<u>\$ 362,003</u>	<u>\$ 114,146</u>	<u>\$ 14,608</u>	<u>\$ (188,229)</u>	<u>\$ (45,020)</u>	<u>\$ (233,249)</u>
General Revenues:						
Taxes						
Property Taxes Levied for General Purposes				8,804	-	8,804
Property Taxes Levied for Debt Service				11,118	-	11,118
Beer Taxes				263	-	263
Franchise Tax				5,932	-	5,932
Sales Taxes				31,669	-	31,669
Fines				80,258	-	80,258
Licenses and Permits				11,399	-	11,399
Investment Earnings				-	1,047	1,047
Intergovernmental				5,100	-	5,100
Other Revenue				4,434	-	4,434
Transfers In (Out)				12,273	(12,273)	-
Total General Revenues				<u>171,250</u>	<u>(11,226)</u>	<u>160,024</u>
Increase (decrease) in Unrestricted Net assets				<u>(16,980)</u>	<u>(56,246)</u>	<u>(73,226)</u>
Net Assets-July 1, 2008				598,380	1,659,134	2,257,514
Other Changes in Net Assets						
Prior Period Adjustment				365	7,775	8,140
Total Other Changes in Net Assets				<u>365</u>	<u>7,775</u>	<u>8,140</u>
Net Assets-June 30, 2009				<u>\$ 581,766</u>	<u>\$ 1,610,663</u>	<u>\$ 2,192,429</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA

Statement C

Balance Sheet
Governmental Funds
June 30, 2009

	General Fund
Assets	
Cash	\$ 56,708
Receivables	<u>2,392</u>
Total Assets	<u>59,100</u>
 Liabilities and Fund Balances	
Liabilities:	
Accrued Liabilities	<u>8,812</u>
Total Liabilities	<u>8,812</u>
 Fund Balances:	
Unreserved, Reported in:	
General Fund	<u>50,288</u>
Total Fund Balances	<u>50,288</u>
 Total Liabilities and Fund Balances	<u>\$ 59,100</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA

Statement D

Reconciliation of The Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
June 30, 2009

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balance, Total Governmental Funds (Statement C)	\$ 50,288
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	560,878
Long-term liabilities including bonds payable are not due payable in the current period and, therefore, are not reported in the governmental funds.	
Other	<u>(29,400)</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 581,766</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended
June 30, 2009

	<u>General Fund</u>
Revenues	
Property Taxes	\$ 19,922
Beer Taxes	263
Franchise Taxes	5,932
Sales Taxes	31,669
Licenses and Permits	11,399
Fines	80,258
Intergovernmental	5,100
Miscellaneous	4,434
Total Revenues	<u>158,977</u>
Expenditures	
Current:	
General Government	79,109
Public Safety	91,182
Debt Service:	
Principal	8,000
Interest	2,000
Total Expenditures	<u>180,291</u>
Excess of Revenues Over Expenditures	<u>(21,314)</u>
Other Financing Sources	
Grants	8,025
Interfund Transfers Out	<u>12,273</u>
Total Other Financing Sources	<u>20,298</u>
Net Change in Fund Balances	<u>(1,016)</u>
Fund Balances-July 1, 2008	50,940
Prior Period Adjustment	<u>365</u>
Fund Balances-June 30, 2009	<u>\$ 50,289</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA

Statement F

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Year Ended June 30, 2009

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E	\$ (1,016)
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The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,400
--	-------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(24,364)
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Changes in Net Assets of Governmental Activities, Statement B	<u>\$ (16,980)</u>
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See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA

Statement G

Statement of Fund Net Assets Proprietary Fund June 30, 2009

Assets

Current and Accrued Assets:

Cash	\$ 12,800	
Customer Accounts Receivable	10,992	
Grants Receivable	47	
Total Current and Accrued Assets		23,839

Restricted Assets:

Cash	46,775	
Investments	11,402	
Total Restricted Assets		58,177

Utility Plant:

Capital Assets Net of Accumulated Depreciation	1,592,502	
Net Utility Plant		1,592,502
Total Assets		1,674,518

Liabilities

Current Liabilities:

Accrued Liabilities	1,762	
Current Portion of Bonds Payable	14,000	
Bond Interest Payable	2,300	
Total Current Liabilities		18,062

Liabilities Payable from Restricted Assets:

Customer Deposits	13,793	
Total Liabilities Payable from Restricted Assets		13,793

Long-Term Liabilities:

Bonds Payable	32,000	
Total Long-Term Liabilities		32,000
Total Liabilities		63,855

Net Assets

Invested in Capital Assets, Net of Related Debt	1,546,502	
Restricted for Payment of Debt Service	48,300	
Unrestricted		15,861
Total Net Assets		\$ 1,610,663

See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA

Statement H

Statement of Revenues, Fund Net Assets
 Proprietary Funds
 For the Year Ended
 June 30, 2009

Utility Operating Revenue:		
Charges for Water and Sewer	\$	114,146
Operating Expenses:		
Depreciation Expense	\$	58,439
Insurance		7,403
Office		1,934
Other Operating		17,645
Repairs and Maintenance		3,617
Salaries		48,949
Supplies		10,207
Utilities		11,604
Vehicle		3,401
Total Operating Expenses		<u>163,199</u>
Utility Operating Loss		(49,053)
Other Income and Deductions:		
Other Grants		6,583
Interest and Dividend Revenue		1,047
Interest on Long-Term Debt		<u>(2,550)</u>
Total Other Income and Deductions		<u>5,080</u>
Income Before Transfers Out		<u>(43,973)</u>
Operating Transfer Out		<u>(12,273)</u>
Change in Net Assets		<u>(56,246)</u>
Total Net Assets, July 1, 2008		1,659,134
Pror Period Adjustment		<u>7,775</u>
Total Net Assets, June 30, 2009	\$	<u><u>1,610,663</u></u>

See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA

Statement I

Statement of Cash Flows
Proprietary Funds
June 30, 2009

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 114,140
Cash Provided from Customer Deposits	(962)
Cash Paid to Employees for Services	(48,949)
Cash Paid to Suppliers	(57,602)
Net Cash Provided by Operating Activities	<u>6,627</u>
Cash Flows from Non-Capital Financing Activities	
Transfers to Other Funds	(12,274)
Net Cash Used by Non-Capital Financing Activities	<u>(12,274)</u>
Cash Flows from Capital and Related Financing Activities	
Other Grants Received	6,536
Principal Paid on Bond Debt	(9,000)
Interest Paid on Long Term Debt	(2,550)
Net Cash Provided for Capital and Related Financing Activities	<u>(5,014)</u>
Cash Flows from Investing Activities	
Cash Invested in Certificate of Deposit	(347)
Interest and Dividend Income	1,049
Net Cash Provided by Investing Activities	<u>702</u>
Net Decrease in Cash and Cash Equivalents	(9,959)
Cash and Cash Equivalents-July 1, 2008	61,759
Prior Period Adjustment	7,775
Cash and Cash Equivalents-June 30, 2009	<u>\$ 59,575</u>

Reconciliation of Cash and Cash Equivalents to the Balance Sheet

	End of Year	Beginning of Year
Cash and Cash Equivalents in Current and Accrued Assets	12,800	8,508
Restricted Cash and Cash Equivalents	46,775	53,251
	<u>\$ 59,575</u>	<u>\$ 61,759</u>

Reconciliation of Utility Operating Income to Net Cash Provided by Operating Activities

Utility Operating Income		\$ (49,053)
Adjustments:		
Depreciation Expense	\$ 58,439	
Decrease in Accrued Liabilities	(1,907)	
Increase in Accounts Payable	117	
Decrease in Customer Deposits	(962)	
Increase in Customer Accounts Receivables	(7)	
Total Adjustments		<u>55,680</u>
Net Cash Provided by Operating Activities		<u>\$ 6,627</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Village of Bonita, Louisiana, (the "Village") operates under a mayor-board of aldermen form of government in accordance with the provisions of the Lawrason Act. Citizens elect the mayor and three council members at large. The mayor and council members are paid a monthly salary. The Village is located in northeast Louisiana, its population is approximately 335, and it employs approximately 9 people other than the mayor and council members. As of June 30, 2009, the Village services approximately 187 utility customers and maintains approximately 5 miles of roads.

The following services are provided by the Village: general administrative services, public safety (police), public works (streets), sanitation (water and sewer), and public improvements.

The more significant of the Village's accounting policies are described below:

Basis of Presentation

The accounting and reporting policies of the Village of Bonita conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Government Units.

Financial Reporting Entity

The Village's basic financial statements include the accounts of all Village operations. The criteria for including organizations as component units within the Village's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The Village holds the corporate powers of the organization.
- The Village appoints a voting majority of the organization's board.
- The Village is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Village.
- There is a fiscal dependency by the organization on the Village.

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Based on the previous criteria, the Village has determined that Sewer District No. 1 of Village of Bonita, Louisiana, is a component unit of the reporting entity. As required by generally accepted accounting principles, these financial statements present Village of Bonita, Louisiana, (the primary government) and its component unit. The component unit is reported as part of the municipality and blended with the appropriate municipality funds.

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality, are blended component units. For a component unit to be blended, the organization's board and the municipality must be *substantively the same*, or the organization must provide services entirely or almost entirely to the municipality.

Considered in the determination of component units of the reporting entity were Tenth Ward Fire Protection District No. 1 of Morehouse Parish, Louisiana, and Tenth Ward Volunteer Fire Department. It was determined that this governmental and volunteer entity are not component units of the Village's reporting entity.

A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Proprietary funds are reported as separate columns in the fund financial statements.

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economics resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The municipality reports the following major proprietary funds:

- Water and Sewer Fund

The Proprietary Fund is accounted for on a flow of economic resources measurements focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The Village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's proprietary operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. FIXED ASSETS AND LONG-TERM LIABILITIES

For the year ended June 30, 2009, no interest costs were capitalized for construction of fixed assets. All fixed assets with a cost of \$5,000 or more are capitalized

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water & Sewer System	40 Years
Buildings	50 Years
Equipment	5-10 Years
Vehicle	7 Years

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

D. BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The mayor and clerk of the Village prepare a proposed budget based on departmental group budget requests, and submit the same to the Board of Aldermen for approval.
2. The Village does utilize the budget in comparison form in financial statement presentation during the year.
3. All budgetary appropriations lapse at the end of the fiscal year.
4. The Village does not utilize encumbrance accounting.

E. CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2009:

	Unrestricted	Restricted	Total
Cash			
Non-interest Bearing Demand Deposits	\$ 29,031	\$ 4,819	\$ 33,850
Time Deposits	-	81,932	81,932
Petty Cash	500	-	500
Total Cash	29,531	86,751	116,282
Investments			
Certificate of Deposit	-	11,402	11,402
Total Investments	-	11,402	11,402
Total Cash & Investments	\$ 29,531	\$ 98,153	\$ 127,684

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with fiscal agent.

At June 30, 2009, the carrying amount and bank balance of the Village's deposits and investments (excluding petty cash of \$500) were \$127,184. At June 30, 2009, the total amount of cash covered by federal depository insurance was \$127,814.

The cash deposits held at financial institutions can be categorized according to three levels of risk.

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

E. CASH AND INVESTMENTS (Continued)

These three levels of risk are as follows:

- Category 1 Deposits which are insured or collateralized with securities held by its agent in the Village's name.
- Category 2 Deposits, which are collateralized with securities, held by the pledging financial institution's trust department or agent in the Village's name.
- Category 3 Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the Village's cash deposits are classified as Category 1.

There were no repurchase or reverse purchase agreements at June 30, 2009.

F. RECEIVABLES

Accounts receivable for the period ending June 30, 2009 were as follows:

	Enterprise Fund Water & Sewer Fund	Governmental Fund General Fund	Total
Sales Tax & License	\$ -	\$ 1,474	\$ 1,474
Property Tax	-	918	918
Grant (LGAP)	-	47	47
Customer	10,992	-	10,992
Total	\$ 10,992	\$ 2,439	\$ 13,431

At June 30, 2009, no reserve for bad debts in the general and proprietary funds was required, since the management estimates uncollectable receivable outstanding is immaterial.

G. COMPENSATED ABSENCES

Full-time employees of the Village earn from two to four weeks of annual leave and three to five days of sick leave each anniversary year of employment, depending on length service. Nine paid holidays are earned each calendar year by full-time employees. The Mayor, subject to the approval of the Board of Aldermen, may grant additional sick leave if warranted by the circumstances and additional paid holidays. Upon resignation or retirement, employees are compensated for annual leave earned but not taken during the current anniversary year of employment at the employee's current rate of pay. Employees are not compensated for non-vesting accumulated sick leave or paid holidays upon termination of employment. In governmental funds, the cost of annual leave, sick leave, and paid holidays is recognized as current year expenditure within the various funds when either is actually taken or when employees are paid for accrued annual leave upon resignation or retirement. The cost of annual

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

G. COMPENSATED ABSENCES (Continued)

leave privileges not requiring current resources of the governmental funds is considered quantitatively immaterial in relation to the financial statements taken as a whole.

H. SINKING, RESERVE, AND DEPRECIATION AND CONTINGENCY ACCOUNTS

The resolutions authorizing the waterworks and sewer revenue bonds require that the Village establish for each issuance a sinking, reserve, and depreciation and contingency account. Monthly amounts are to be deposited into the sinking accounts equal to one-twelfth of the total amount of principal and interest falling due in the ensuing year. A sum at least equal to 5% of the amounts deposited into the sinking accounts should be deposited into the reserve accounts until such time as there has been accumulated a total equal to the highest combined principal and interest payable in any future year. Amounts specifically designated by each of the bond resolutions are to be deposited into the depreciation and contingency accounts on a monthly basis.

At June 30, 2009, the deposit requirements of the waterworks revenue bonds and sewer revenue bonds accounts were met as follows:

Waterworks Revenue Bond				
	Sinking	Reserve	Depreciation/ Contingency	Total
Required	\$ 10,500	\$ 10,500	\$ 16,290	\$ 37,290
Total Funded	43	1,954	5,755	7,752
Funding Excess (Deficit)	<u>\$ (10,457)</u>	<u>\$ (8,546)</u>	<u>\$ (10,535)</u>	<u>\$ (29,538)</u>
Sewer Revenue Bond				
	Sinking	Reserve	Depreciation/ Contingency	Total
Required	\$ 11,200	\$ 14,050	\$ 21,090	\$ 46,340
Total Funded	39,978	13,850	20,194	74,022
Funding Excess (Deficit)	<u>\$ 28,778</u>	<u>\$ (200)</u>	<u>\$ (896)</u>	<u>\$ 27,682</u>

II. AD VALOREM, SALES & USE TAXES

For the year ended June 30, 2009, ad valorem taxes of 18.60 mills were levied on property with assessed valuations totaling \$1,117,690 as follows:

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

II. AD VALOREM, SALES & USE TAXES (Continued)

	Authorized Millage	Levied Millage	Expiration Date
General Corporate Purposes	8.22	8.22	Perpetual
Debt Service	10.38	10.38	2016

The following is the principal ad valorem taxpayer for the Village:

Taxpayer	Assessed Valuation	Percentage of Total Assessed Valuation	Ad Valorem Tax Revenue
Northeast Louisiana Telephone Company, Inc.	\$ 420,852	45.94%	\$ 9,381

Total ad valorem taxes levied were \$20,420. As of June 30, 2009, uncollected ad valorem taxes were \$918.

For the year ended June 30, 2009, the Village had the following sales and use taxes:

	School Board	Police Jury	Sheriff	City/Town 10 Yr. Renewal General Fund	City/Town	Total
Percentage	2%	0.5%	0.5%	1%	1%	5%
Expiration	9/30/14	4/30/15	12/31/09	6/30/10	Indefinite	

2% of the sales and use taxes are levied for use by the Village, 1% for any lawful corporate purposes and 1% to support the Village's General Fund. The 1% for any lawful corporate purposes will expire on June 30, 2010, and the 1% to support the Village's General Fund has an indefinite expiration. On October 17, 2009, the citizens of the Village of Bonita, Louisiana voted to extend the 1% sales and use tax to be used for any lawful corporate purpose of the Village of Bonita effective July 1, 2010.

III. RESTRICTED ASSETS-PROPRIETARY FUND TYPES

At June 30, 2009, restricted assets of the Proprietary Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	Water	Sewer	Total
Bond Sinking	\$ 43	\$ 5,607	\$ 5,650
Meter Deposit	16,221	-	16,221
Bond Reserve	1,954	8,244	10,198
Depreciation & Contingencies	5,755	20,353	26,108
Total	\$ 23,973	\$ 34,204	\$ 58,177

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

IV. FIXED ASSETS

A summary of the changes in the General Fixed Assets Account Group is as follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Land	\$ 48,829	\$ -	\$ -	\$ 48,829
Buildings	120,079	-	-	120,079
Playground				
Equipment	5,786	-	-	5,786
Streets & Drainage	816,556	-	-	816,556
Furniture and				
Equipment	11,013	-	-	11,013
Vehicles	88,559	-	-	88,559
Depreciation	(505,580)	(24,364)	-	(529,944)
Total	<u>\$ 585,242</u>	<u>\$ (24,364)</u>	<u>\$ -</u>	<u>\$ 560,878</u>

A summary of the Proprietary Fund fixed assets and depreciation at June 30, 2009, is as follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Land	\$ 4,250	\$ -	\$ -	\$ 4,250
Water & Sewer System	2,221,750	-	-	2,221,750
Equipment	34,726	-	-	34,726
Vehicles	9,584	-	-	9,584
Depreciation	(619,369)	(58,439)	-	(677,808)
Total	<u>\$ 1,650,941</u>	<u>\$ (58,439)</u>	<u>\$ -</u>	<u>\$ 1,592,502</u>

V. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2009:

	General Obligation Bonds	Waterworks Revenue Bonds	Sewer Revenue Bonds	Totals
Long-term Debt				
Payable-July 1, 2008	\$ 36,000	\$ 19,000	\$ 36,000	\$ 91,000
Retirements	<u>(4,000)</u>	<u>(9,000)</u>	<u>(4,000)</u>	<u>(17,000)</u>
Long-term Debt				
Payable-June 30, 2009	<u>\$ 32,000</u>	<u>\$ 10,000</u>	<u>\$ 32,000</u>	<u>\$ 74,000</u>

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

V. CHANGES IN LONG-TERM DEBT (Continued)

Long-term debt is comprised of the following individual issues:

General Obligation Bonds

\$46,000 Public Improvement Bonds - dated October 14, 1976, due in annual installments ranging from \$500 to \$2,000 through October 14, 2016, bear interest at 5%, principal and interest payable October 14th of each year.

\$46,000 Sewer District No. 1 Bonds - dated October 14, 1976, due in annual installments ranging from \$500 to \$2,000 through October 14, 2016, bear interest at 5%, principal and interest payable October 14th of each year.

Revenue Bonds

\$168,000 Waterworks Revenue Bonds - dated July 1, 1970, due in annual installments ranging from \$2,000 to \$10,000 through January 1, 2010, bear interest at 5%, principal and interest payable January 1st of each year.

\$121,000 Sewer Revenue Bond - dated October 14, 1976, due in annual installments ranging from \$2,000 to \$4,000 through October 14, 2016, bear interest at 5%, principal and interest payable October 14th of each year.

The annual requirements to amortize all long-term debt as of June 30, 2009, are as follows:

Year Ending 30-Jun	General Obligation Bonds	Waterworks Revenue Bonds	Sewer Revenue Bonds	Totals
2010	\$ 4,000	\$ 10,000	\$ 4,000	\$ 18,000
2011	4,000	-	4,000	8,000
2012	4,000	-	4,000	8,000
2013	4,000	-	4,000	8,000
2014	4,000	-	4,000	8,000
2015	4,000	-	4,000	8,000
2016	4,000	-	4,000	8,000
2017	4,000	-	4,000	8,000
Totals	\$ 32,000	\$ 10,000	\$ 32,000	\$ 74,000

At June 30, 2009, \$32,000 is available for debt service to the general obligation bonds.

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

V. CHANGES IN LONG-TERM DEBT (Continued)

The annual requirements to amortize all interest related to long-term debt as of June 30, 2009, are as follows:

Year Ending June 30,	General Obligation Bonds	Waterworks Revenue Bonds	Sewer Revenue Bonds	Totals
2010	\$ 1,600	\$ 500	\$ 1,600	\$ 3,700
2011	1,400	-	1,400	2,800
2012	1,200	-	1,200	2,400
2013	1,000	-	1,000	2,000
2014	800	-	800	1,600
2015	600	-	600	1,200
2016	400	-	400	800
2017	200	-	200	400
Totals	\$ 7,200	\$ 500	\$ 7,200	\$ 14,900

VI. FUND BALANCE-RESERVED

The general obligation bond ordinance requires that the excess assets over liabilities in the Debt Service Funds be restricted for such debt service requirements.

VII. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VIII. ENCUMBRANCES

The Village does not utilize encumbrance accounting.

IX. ELECTED OFFICIALS SALARIES

Name	Title	Annual Salary	Date of Service
Baker, Floyd	Mayor	\$ 6,000	07/01/08-06/30/09
Adams, Thomas	Former Alderman	900	07/01/08-04/03/09
Anderson, Ezekiel, Jr.	Alderman	300	04/08/09-06/30/09
Gloson, Gaddis	Former Alderman	400	07/01/08-10/03/08
Sherrer, Ada	Alderwoman	1,200	07/01/08-06/30/09
Travis, Scott	Former Alderman	600	11/03/08-04/03/09

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

X. PRIOR PERIOD ADJUSTMENT

For the period ending June 30, 2009, the Village had prior period adjustments as follows:

Fund	Amount	Comments
General Fund	\$ 101	Understatement of revenue.
General Fund	264	Voided check.
Proprietary Fund	7,775	Understatement of grant revenue.
Total	<u>\$ 8,140</u>	

XI. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for all risks of loss, including workers' compensation. Settlement amounts have not exceeded insurance coverage for the current year or the three prior fiscal years. The Village participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Village has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibles of any related receivable at June 30, 2009, may be impaired. In the opinion of the Village's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

XII. ON-BEHALF PAYMENTS FOR SALARIES

For the year ended June 30, 2009, the Village recognized revenues and expenditures of \$5,100 in salary supplements from the State of Louisiana paid directly to an employee of the police department.

XIII. COMMITMENTS

The Village of Bonita, Louisiana received assistance from Louisiana Local Government Assistance Program, Treasurer of the State of Louisiana Act 19, Louisiana Governor's Office of Homeland Security and Emergency Preparedness (FEMA), and North Delta Regional Planning & Development District, Inc. in the form of grants and reimbursements totaling \$14,608. The funds were used for repairs and to acquire minor supplies and assets.

XIV. SUBSEQUENT EVENT

On October 17, 2009, the citizens of the Village of Bonita, Louisiana voted to extend the 1% sales and use tax to be used for any lawful corporate purpose of the Village of Bonita effective July 1, 2010.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF BONITA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
Year Ended June 30, 2009

	Budget Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
	Budget	Final			
REVENUE					
Taxes	\$ 50,300	\$ 50,300	\$ 57,786	\$ -	\$ 57,786
Licenses and Permits	11,200	11,200	11,399	-	11,399
Intergovernmental	5,100	5,100	5,100	-	5,100
Fines and Forfeitures	88,662	88,662	80,258	-	80,258
Grants	-	-	8,025	-	8,025
Interest and Miscellaneous	4,540	4,540	4,434	-	4,434
Total Revenues	159,802	159,802	167,002	-	167,002
EXPENDITURES					
Current:					
General Government	67,380	67,380	79,109	(19,284)	98,393
Public Safety	84,838	84,838	91,182	(4,720)	95,902
Debt Service:					
Principal Retirement	3,800	3,800	8,000	8,000	-
Interest	2,200	2,200	2,000	200	1,800
Total Expenditures	158,218	158,218	180,291	(15,804)	196,095
Excess (Deficiency) of Revenues Over Expenditures	1,584	1,584	(13,289)	15,804	(29,093)
OTHER FINANCING SOURCES (USES)					
Transfers to Other Funds	-	-	12,273	-	12,273
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	1,584	1,584	(1,016)	15,804	(16,820)
Fund Balances (Deficit) , Beginning	50,940	50,940	50,940	-	598,380
Fund Balances, Ending	\$ 52,524	\$ 52,524	\$ 49,924	\$ 15,804	\$ 581,560

See Accompanying Auditor's Report and Notes to Financial Statements.

OTHER REPORTS

VILLAGE OF BONITA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
WITH MANAGEMENT'S PLANNED CORRECTIVE ACTION
Year Ended June 30, 2009

I have audited the general-purpose financial statements of Village of Bonita, Louisiana, as of and for the year ended June 30, 2009, and have issued my report thereon dated November 14, 2009. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2009, resulted in an unqualified opinion.

Section I – Summary of Auditor's Reports

Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Internal Control

Significant Deficiency ☒ Yes ☐ No

Material Weakness ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

Section II – Financial Statement Findings

2009-1 Inadequate Segregation of Duties (finding was cited in first audit conducted by my firm as of and for the year ended June 30, 2003)

Criteria Adequate segregation of duties is essential to a proper internal control structure.

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Effect: Inadequate segregation of duties create risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

Recommendation: In those instances where duties cannot be fully segregated, mitigating or compensating controls must be established,

Village Of Bonita, Louisiana
Schedule Of Findings And Questioned Costs With Management's
Planned Corrective Action (Continued)

such as documented detailed reviews by an appropriate supervisor or employee.

Management's response and
Planned corrective action:

Management concurs with the finding and recommendation. In those instances where duties cannot be fully segregated, mitigating or compensating controls will be established.

2009-2 Deficit Bond Funding Requirements (initial citing in June 30, 1992, report on compliance with laws and regulations)

Criteria The resolutions authorizing the waterworks and sewer revenue bonds require that the Village establish for each issuance a sinking; reserve; and depreciation and contingency account, and fund it according to the schedule set forth in the bond agreement.

Condition At June 30, 2009, waterworks revenue bonds' deposit requirements were unfunded in total as follows:

Waterworks Revenue Bond				
	Sinking	Reserve	Depreciation/ Contingency	Total
Required	\$ 10,500	\$ 10,500	\$ 16,290	\$ 37,290
Total Funded	43	1,954	5,755	7,752
Funding Excess (Deficit)	<u>\$ (10,457)</u>	<u>\$ (8,546)</u>	<u>\$ (10,535)</u>	<u>\$ (29,538)</u>

Cause The Village has over funded the required accounts for the Sewer Revenue Bond by a total of \$19,714, and the water works fund was under funded by \$29,538.

Effect The Village is in violation of the revenue bond resolutions.

Recommendation: I recommend that such funding deficits be eliminated as funds become available. Also, bondholders should be made aware of the deficit findings and management's planned corrective action.

Management's response and
planned corrective action:

Management is making an effort to fund the individual requirements as resources become available and the bondholders will be made fully aware of their actions.

**Village Of Bonita, Louisiana
Schedule Of Findings And Questioned Costs With Management's
Planned Corrective Action (Continued)**

2009-3	Failure to follow cash controls in water department.
Criteria:	The Village has an established policy to print receipts in using the utility system software at the point of collection for all utility payments.
Condition:	Internal controls over cash are not being followed as intended.
Cause:	The water clerk failed to print receipts using the utility system software at the point of collection for all utility payments.
Effect:	The Village is exposed to risk of losses because internal control procedures are not followed.
Recommendation:	The water clerk should print receipts in triplicate using the utility system software at the point of collection for all utility payments. A copy of the receipt should be issued to the customer, a copy should accompany the collection report along with the funds transferred to the Village's Clerk for deposit, and a copy be retained with utility department files.

Management's response and
planned corrective action:

Management concurs with the finding and recommendation. All cash controls will be followed as intended in the future.

2009-4	Untimely deposit of cash receipts
Criteria:	Management has a responsibility to safeguard assets from losses and mishandling by establishing, implementing and maintaining proper internal controls.
Condition:	Funds collected in the utility department are not being deposited timely.
Cause:	Funds from the utility department are being held as many as seven days before being deposited to the Village's bank accounts.

Village Of Bonita, Louisiana
Schedule Of Findings And Questioned Costs With Management's
Planned Corrective Action (Continued)

Effect: The Village is exposed to risk of losses and mishandling of funds.

Recommendation: All funds should be deposited daily and intact anytime funds collected are \$200 or greater.

Management's response and
planned corrective action:

Management concurs with the finding and recommendation. All funds will be deposited daily and intact.

Section III – Management Letter

Not Issued.

VILLAGE OF BONITA, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2009

Section I – Financial Statement Findings

2008-1 Inadequate Segregation of Duties **Unresolved-2008-1.**

Adequate segregation of duties is essential to a proper internal control structure.

2008-2 Deficit Bond Funding Requirements **Unresolved-2008--2.**

The resolutions authorizing the waterworks and sewer revenue bonds require that the Village establish for each issuance a sinking; reserve; and depreciation and contingency account, and fund it according to the schedule set forth in the bond agreement.

2008-3 Net Operating Loss in Enterprise Fund **Resolved-2008--3.**

The Village's waterworks and sewer revenue bond resolutions require that the Village "fix and maintain rates and collect charges for all services and facilities to be rendered by the system sufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the system..." as well as other cash requirements.

2008-4 Violation of State Statute **Resolved-2008--4.**

LA R.S. 43:143-144 and A.G. 82-383 require that minutes, ordinances, resolutions, budgets, and other official proceedings of the Village be published in the official journal.

Section II – Management Letter

No outstanding issues.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

November 14, 2009

Rosie D. Harper, CPA
604 North Third Street
Monroe, Louisiana 71201

In connection with your review of our financial statements as of June 30, 2009 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of November 14, 2009.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [X] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No [☐]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No [☐]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [☒] No [☐]

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [☒] No [☐]

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [☒] No [☐]

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No [☐]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Alfred Baker Mayor November 14, 2009 Date

LOUISIANA COMPLIANCE QUESTIONNAIRE
(For Audit Engagements of Government Entities)
November 14, 2009

Rosie D. Harper, CPA, LLP
604 North Third Street
Monroe, Louisiana 71201

In connection with your audit of our financial statements as of and for the period ending June 30, 2009 for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with accounting principles generally accepted in the United States, to assess our system of internal control as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of November 14, 2009 (date completed/date of the representations).

PART I. AGENCY PROFILE

1. Name and address of the organization.

Village of Bonita
Post Office Box 278
Bonita, Louisiana 71223

2. List the population of the municipality or parish based upon the last official United States Census or most recent official census (municipalities and police juries only). Include the source of the information.

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3. List names, addresses, and telephone numbers of entity officials. [Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel].

Floyd Baker, Mayor, PO Box 12, Bonita, LA 71223, 282-8425
Ada Sherrer, Alderperson, 15211 Bonita Avenue, Bonita, LA 71223, 823-2339
Ezekiel "Pete" Anderson, PO Box 73, Bonita, LA 71223, 823-2202
Richard Polk, 15262 Lake Shore Drive, Bonita, LA 71223, 823-2704

4. Period of time covered by this questionnaire:

FY 7/01/2008 – 6/30/2009

5. The entity has been organized under the following provisions of the Louisiana Revised Statute (s) (R.S.) and, if applicable, local resolutions/ordinances (list).

Lawrason Act

6. Briefly describe the public services provided:

Municipality:

Water

Sewer

Town Maintenance

7. Expiration date of current elected/appointed officials' terms.

January 2012-Mayor & Aldermen

LEGAL COMPLIANCE

PART II. PUBLIC BID LAW

8. The provisions of the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

A) All public works purchases exceeding \$100,000 have been publicly bid.

B) All material and supply purchases exceeding \$20,000 have been publicly bid.

Yes [X] No []

PART III. CODE OF ETHICS LAW FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

9. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [X] No []

10. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [X] No []

PART IV. LAWS AFFECTING BUDGETING

11. We have complied with the budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16) R.S. 39:33, or R.S. 39:1331-1342, applicable:

A. Local Budget Act

1. We have adopted a budget for the General Fund and all special revenue funds (R.S. 39:1305).

2. The chief executive officer, or equivalent, has prepared a proposed budget that included a budget message, a proposed budget for the General Fund and each special revenue fund, and a budget adoption instrument that specified the chief executive's authority to make budgetary amendments without approval of the governing authority. Furthermore, the proposed expenditures did not exceed estimated funds to be available during the period (R.S. 39:1305).

3. The proposed budget was submitted to the governing authority and made available for public inspection at least 15 days prior to the beginning of the budget year (R.S. 39:1306).

4. To the extent that proposed expenditures were greater than \$500,000, we have made the budget available for public inspection and have advertised its availability in our official journal. The advertisement included the date, time, and place of the public hearing on the budget. Notice has also been published certifying that all actions required by the Local Government Budget Act have been completed (R.S. 39:1307).

5. If required, the proposed budget was made available for public inspection at the location required by R.S. 39:1308.

6. All action necessary to adopt and finalize the budget was completed prior to the date required by state law. The adopted budget contained the same information as that required for the proposed budget [R.S. 39:1309].

7. After adoption, a certified copy of the budget has been retained by the chief executive officer or equivalent officer (R.S. 39:1309).

8. To the extent that proposed expenditures were greater than \$500,000, the chief executive officer or equivalent notified the governing authority in writing during the year when actual receipts plus projected revenue collections for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceeded budgeted expenditures by five percent or more (R.S. 39:1311).

9. The governing authority has amended its budget when notified, as provided by R.S. 39:1311. (Note, general and special revenue fund budgets should be amended, regardless of the amount of expenditures in the fund, when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by five percent or more; or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by five percent or more. State law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$500,000 or less, and exempts special revenue funds whose revenues are expenditure-driven--primarily federal funds--from the requirement to amend revenues.).

Yes [X] No []

B. State Budget Requirements

1. The state agency has complied with the budgetary requirements of R.S. 39:33.

Yes [X] No []

C. Licensing Boards

1. The licensing board has complied with the budgetary requirements of R. S. 39:1331-1342.

Yes [X] No []

**PART V. ACCOUNTING, AUDITING, AND FINANCIAL
REPORTING LAWS**

12. We have maintained our accounting records in such a manner as to provide evidence of legal compliance and the preparation of annual financial statements to comply with R.S. 24:513 and 515, and/or 33:463.

Yes [X] No []

13. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

14. We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes ☒ No ☐

15. We have had our financial statements audited in a timely manner in accordance with R.S. 24:513.

Yes ☒ No ☐

PART VI. MEETINGS

We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:1 through 42:13.

Yes ☒ No ☐

PART VII. ASSET MANAGEMENT LAWS

16. We have maintained records of our fixed assets and movable property records, as required by R.S. 24:515 and/or 39:321-332, as applicable.

Yes ☒ No ☐

PART VIII. FISCAL AGENCY AND CASH MANAGEMENT LAWS

17. We have complied with the fiscal agency and cash management requirements of R.S. 39:1211-45 and 49:301-327, as applicable.

Yes ☒ No ☐

PART IX. DEBT RESTRICTION LAWS

18. It is true we have not incurred any long-term indebtedness without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

19. We have complied with the debt limitation requirements of state law (R.S. 39:562).

Yes ☒ No ☐

20. We have complied with the reporting requirements relating to the Fiscal Review Committee of the State Bond Commission (R.S. 39:1351).

Yes ☒ No ☐

PART X. REVENUE AND EXPENDITURE RESTRICTION LAWS

21. We have restricted the collections and expenditures of revenues to those amounts authorized by Louisiana statutes, tax propositions, and budget ordinances.

Yes ☒ No ☐

22. It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [X] No []

23. It is true that no property or things of value have been loaned, pledged, or granted to anyone in violation of Article VII, Section 14 of the 1974 Louisiana Constitution.

Yes [X] No []

PART XI. QUESTIONS FOR SPECIFIC GOVERNMENTAL UNITS

Police Juries N/A

24. We have adopted a system of road administration that provides as follows:

- A. Approval of the governing authority of all expenditures, R.S. 48:755(A).
- B. Development of a capital improvement program on a selective basis, R.S. 48:755.
- C. Centralized purchasing of equipment and supplies, R.S. 48:755.
- D. Centralized accounting, R.S. 48:755.
- E. A construction program based on engineering plans and inspections, R.S. 48:755.
- F. Selective maintenance program, R.S. 48:755.
- G. Annual certification of compliance to the legislative auditor, R.S. 48:758.

Yes [] No []

School Boards N/A

25. We have complied with the general statutory, constitutional, and regulatory provisions of the Louisiana Department of Education, R.S. 17:51-401.

Yes [] No []

26. We have complied with the regulatory circulars issued by the Louisiana Department of Education that govern the Minimum Foundation Program.

Yes [] No []

27. We have, to the best of our knowledge, accurately compiled the performance measurement data contained in the following schedules and recognize that your agreed upon procedures will be applied to such schedules and performance measurement data:

Parish school boards are required to report as part of their annual financial statements measures of performance. These performance indicators are found in the supplemental schedules:

- Schedule 1, General Fund Instructional and Support Expenditures and Certain Local Revenues Sources
- Schedule 2, Education Levels of Public School Staff
- Schedule 3, Number and Type of Public Schools
- Schedule 4, Experience of Public Teachers and Full-time Classroom Teachers
- Schedule 5, Public School Staff Data
- Schedule 6, Class Size Characteristics
- Schedule 7, Louisiana Educational Assessment Program
- Schedule 8, The Graduate Exit Exam
- Schedule 9, The IOWA Tests

Yes [] No []

Tax Collectors

28. We have complied with the general statutory requirements of R.S. 47.

Yes [X] No []

Sheriffs **N/A**

29. We have complied with the state supplemental pay regulations of R.S. 33:2218.8.

Yes [] No []

30. We have complied with R.S. 33:1432 relating to the feeding and keeping of prisoners.

Yes [] No []

District Attorneys **N/A**

31. We have complied with the regulations of the Louisiana Department of Social Services that relate to the Title IV-D Program.

Yes [] No []

Assessors **N/A**

32. We have complied with the regulatory requirements found in Title 47 of the Louisiana Revised Statutes.

Yes [] No []

33. We have complied with the regulations of the Louisiana Tax Commission relating to the reassessment of property.

Yes [] No []

Clerks of Court **N/A**

34. We have complied with R.S. 13:751-917 and applicable sections of R.S. 11:1501-1562.

Yes [] No []

Libraries **N/A**

35. We have complied with the regulations of the Louisiana State Library.

Yes [] No []

Municipalities

36. Minutes are taken at all meetings of the governing authority. R.S. 42:7.1

Yes [X] No []

37. Minutes, ordinances, resolutions, budgets, and other official proceedings of the municipalities are published in the official journal. R.S. 43:141-146 and A.G. 86-528.

Yes [X] No []

38. All official action taken by the municipality is conducted at open and public meetings. R.S. 42:4.1-13.

Yes [X] No []

Airports **N/A**

39. We have submitted our applications for funding airport construction or development to the Department of Transportation and Development as required by R.S. 2:802.

Yes [] No []

40. We have adopted a system of administration that provides for approval by the department for any expenditures of funds appropriated from the Transportation Trust Fund, and no funds have been expended without department approval (R.S. 2:810).

Yes [] No []

41. All project funds have been expended on the project and for no other purpose (R.S. 2:810).

Yes [] No []

42. We have certified to the legislative auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (R.S. 2:811).

Yes [] No []

Ports **N/A**

43. We have submitted our applications for funding port construction or development to the Department of Transportation and Development as required by R.S. 34:3452.

Yes [] No []

44. We have adopted a system of administration that provides for approval by the department for any expenditures of funds made out of state and local matching funds, and no funds have been expended without department approval (R.S. 34:3460).

Yes [] No []

45. All project funds have been expended on the project and for no other purpose (R.S. 34:3460).

Yes [] No []

46. We have established a system of administration that provides for the development of a capital improvement program on a selective basis, centralized purchasing of equipment and supplies, centralized accounting, and the selective maintenance and construction of port facilities based upon engineering plans and inspections (R.S. 34:3460).

Yes [] No []

47. We have certified to the legislative auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (R.S. 34:3461).

Yes [] No []

Sewerage Districts

48. We have complied with the statutory requirements of R.S. 33:3881-4159.10.

Yes [X] No []

Waterworks Districts

49. We have complied with the statutory requirements of R.S. 33:3811-3837.

Yes [X] No []

Utility Districts

50. We have complied with the statutory requirements of R.S. 33:4161-4546.21.

Yes [X] No []

Drainage and Irrigation Districts **N/A**

51. We have complied with the statutory requirements of R.S. 38:1601-1707 (Drainage Districts); R.S. 38:1751-1921 (Gravity Drainage Districts); R.S. 38:1991-2048 (Levee and Drainage Districts); or R.S. 38:2101-2123 (Irrigation Districts), as appropriate.

Yes [] No []

Fire Protection Districts

52. We have complied with the statutory requirements of R.S. 40:1491-1509.

Yes [] No []

Other Special Districts

53. We have complied with those specific statutory requirements of state law applicable to our district.

Yes [] No []

The previous responses have been made to the best of our belief and knowledge.

Aubrey Sharick Dine, Clerk Secretary November 14, 2009 Date

Treasurer November 14, 2009 Date

Floyd Barton President November 14, 2009 Date